

## Claims

- [c1] 1.A method for assessing an automotive finance company's equity adequacy comprising:  
quantifying the company's sources of creditor protection wherein the sources comprise equity, reserves and net deferred tax liability in the event of an overall loss;  
estimating the company's potential unexpected worst-case losses for each of a plurality of exposures with 99.9% confidence; and  
comparing the company's creditor protection to the company's potential unexpected worst-case losses to demonstrate the company's equity adequacy.
- [c2] 2.The method of claim 1 wherein the sources of creditor protection additionally comprise future tax liability.
- [c3] 3.The method of claim 1 wherein the sources of creditor protection additionally comprise lifetime profits.
- [c4] 4.The method of claim 1 wherein a simulation model is implemented to estimate the company's potential unexpected worst-case losses for each of a plurality of exposures with 99.9% confidence.
- [c5] 5.The method of claim 1 wherein potential unexpected worst-case residual lease exposures are estimated using economic models to factor out historical auction price variations due to seasonality and refreshenings.
- [c6] 6.The method of claim 5 wherein it is assumed that every non-defaulting lease vehicle is returned and experiences a worst-case residual loss.
- [c7] 7.The method of claim 1 wherein the sources of creditor protection comprises asset classes junior to creditor claims.
- [c8] 8.The method of claim 1 additionally comprising applying a risk correlation value to the estimated unexpected worst-case losses to yield a risk-adjusted unexpected loss estimate.